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FORTUNE

Why eBay is flying

Jeanne Lee. *Fortune*. New York: Dec 7, 1998. Vol. 138, Iss. 11; pg. 255, 2 pgs

Subjects: Corporate profiles, Retailing industry, Auctions, Electronic commerce, Web sites, Stock prices, Earnings trends, Corporate profiles, Retailing industry, Auctions, Electronic commerce, Web sites, Stock prices, Earnings trends

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Abstract (Article Summary)

With revenues of \$12.9 million and profits of \$663,000 last quarter, investors were salivating over eBay's IPO in late September because this Internet business actually had profits. In just 7 weeks the stock has soared 677%, to a recent high of \$140. The stock performance may be all out of proportion, but the fact is, eBay has stumbled onto the next great electronic commerce category: collectibles. eBay's success is testimony to the Internet's ability to transform one person's junk into another's treasure by matching sellers with a huge audience of buyers.

Full Text (658 words)

Copyright Time Incorporated Dec 7, 1998

The dangerous thing about auctions is that bidders can end up paying more than they ever meant to, because they don't want to risk missing a great opportunity. Kind of like the way investors are treating eBay, a cyber-classified-ads-cum-auction Website. The company, which links buyers and sellers of items like antique telegraph keys and old Mad magazines, had \$12.9 million in revenues and \$663,000 in profits last quarter.

Investors were salivating over its IPO in late September because this Net business actually had profits (however tiny). And in a scant seven weeks the stock soared 677%, to a recent high of \$140. That works out to an outrageous 780 times 1998 earnings estimates. eBay—which generates 8% of its revenues from Beanie Babies trading—suddenly had a market value of \$5.5 billion. (Consider this: Greyhound Lines, the venerable 85-year-old bus company, recently sold for \$470 million, meaning that according to the market, eBay is worth 12 Greyhounds!) Even Goldman Sachs analyst Michael Parekh, who helped take eBay public, can't really rationalize its sky-high valuation. "If you look at the [valuations of the] leadership companies—whether eBay in commerce or Yahoo in online services or Amazon in books—they're going to be more difficult to justify on traditional measures."

[Photograph]

CEO Meg Whitman hawks antiques, toys, and junk on eBay.com.

The stock performance may be all out of proportion, but the fact is, eBay has stumbled onto the next great E-commerce category: collectibles. It was founded in 1995 by Pierre Omidyar, a 31-year-old software developer who wanted to help his fiancée trade Pez dispensers online. He created a small auction site, charging just a tiny fee and commission for each listing. The risks were minimal since eBay acts only as an intermediary; the parties arrange delivery on their own. The model far exceeded Omidyar's expectations, and within a year he quit his day job. This year he hired as CEO Meg Whitman, who previously oversaw brands like Mr. Potato Head and Teletubbies for Hasbro.

eBay's success is testimony to the Internet's ability to transform one person's junk-taxidermy animals or FisherPrice toys-into another's treasure by matching sellers with a huge audience of buyers. Domenica Brockman, a Brooklyn antiques dealer, got hooked after she was able to sell an obscure Depression-era green-glass pitcher-that she paid \$3 for-to a collector for \$150. "I never would have gotten that price for it in my store," she says. This enthusiasm has made eBay the leader in the online collectibles market. It was the fifth-mostvisited Website in August, according to Media Metrix, an Internet-tracking company. "More time is spent in eBay's community than on either AOL.com's or Walt Disney's Website," says Mary Meeker, an analyst at Morgan Stanley Dean Witter. This growth has been driven by word of mouth, since until recently the company has avoided advertising. "Every auction and every buyer begets another auction and another buyer," says analyst Mitch Bartlett of Dain Rauscher Wessels.

But competition is heating up in the wake of eBay's success. A number of competitors want a chunk of the \$180 billion that Americans spend each year on collectibles at auctions. Yahoo recently teamed up with OnSale, which auctions consumer electronics, to launch a site similar to eBay's but free for users. (OnSale's own person-to-person spinoff fizzled, and its stock hasn't enjoyed the same boost as eBay's, slipping 43% since March.) Other competitors include the portal outfits Excite and Lycos as well as startups Auction Universe, Haggle Online, and Auction Interactive 2000. But eBay has the advantages of being the first in the business and the biggest. Size is important in this E-commerce category, since more bidders yield better prices for sellers.

In any case, the E-auctions market could grow to support more than one site. Meanwhile, eBay's electronic garage sale is chock full of stuff that could help propel its stock price. Some items testing the limits: a 1998 Volkswagen Beetle (minimum bid: \$17,895) and a Russian space shuttle (\$99,000). -Jeanne Lee

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BusinessWeek

Going Once. Going Twice. Cybersold!

Edward C. Baig, Amy Dunkin. **Business Week**. New York: August 11, 1997., Iss. 3539; pg. 98

Subjects: Web sites, Auctions, Manycompanies, Electronic commerce, Web sites, Auctions

Classification Codes 9190, 5250

Locations: US

Companies: eBays AuctionWeb, First Auction Inc, Haggle Online, Klik-Klok Online Dutch Auction, Onsale

Author(s): Edward C. Baig, Amy Dunkin

Article types: Feature

Section: *Personal Business: ONLINE*

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Abstract (Article Summary)

Cyberauctions are breaking out all over the Net. The Internet Auction List (IAL) contains 1,500 links, mostly to the Web pages of traditional auction houses, directories, and publications. But IAL includes links to more than 100 online auctions, too. As one might expect, a wide variety of computer and consumer-electronics products are selling at Web auctions. However, plenty of general merchandise is also up for grabs. Unlike in-person auctions, the Internet variety may last from a day to a week or more, and the formats vary. A few online auctions include: 1. Onsale, 2. eBay's AuctionWeb, 3. First Auction, 4. Haggle Online, and 5. Klik-Klok Online Dutch Auction. Onsale (www.onsale.com); eBay's AuctionWeb (trig.ebay.com/aw); First Auction (www.firstauction.com); Haggle Online (www.haggle.com); Klik-Klok Online Dutch Auction (www.klik-klok.com)

Full Text (1518 words)

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Marty Duplissey knows his way around auctions. He attends maybe six a year, bidding on forklifts, trucks, and other heavy equipment. But more often these days, the Longview (Tex.) software developer, whose family is also in the furniture and cattle businesses, practices his auction skills on the Internet. Duplissey regularly visits several Web sites, where he figures he outbids competitors for computer gear and software half the time. When he prevails, he gets the goods at 30% to 50% off the retail price. "It's so convenient," he says. "I can check the status of a bid and up it from anywhere at anytime."

Cyberauctions are breaking out all over the Net. The Internet Auction List (IAL) contains 1,500 links, mostly to the Web pages of traditional auction houses, directories, and publications. But IAL includes links to more than 100 online auctions, too. "What draws people is the lure of the bargains," says Jerry Kaplan, chief executive of Onsale, a publicly held online-auction company. Visitors to the IAL site can also gain access to BidFind, a search engine that lets them type in "Pentium" or "Tamagotchi" to find places where these items are put up for bids. For now, however, the same few auction-company names always turn up.

As one might expect, a wide variety of computer and consumer-electronics products are selling at Web auctions. But plenty of general merchandise is also up for grabs. EBay's AuctionWeb lists Barbie dolls, baseball cards, and musical instruments among its fare. Winebid.com offers fine vintages. The Internet Shopping Network's First Auction site, a subsidiary of the Home Shopping Network, offer golf clubs, Krups espresso machines, and—you've seen 'em on the tube—Ginsu knives. Onsale recently started offering Omaha Steaks. Other online auctions are dedicated to stamp collectors and those seeking timeshares, airline seats, or books.

Unlike in-person auctions, the Internet variety may last from a day to a week or more, and the formats vary. So-called Dutch auctions, such as those at Klik-Klok Online Dutch Auction, reverse the process. Klik-Klok offers clocks, gardening tools, and jewelry. With the clock ticking, prices drop incrementally every few seconds, until a registered user clicks the mouse to snatch a product.

In the far more common Yankee auction, a number of identical items are put up for sale simultaneously, with the highest bidders capturing the goods when the auction closes—meaning people could theoretically bid different prices and still get the same item. To draw people in, products often carry an alluring minimum bid—say, \$199 for a Pentium notebook computer. "We're losing money at the minimum bid price," says Keith Foxe, manager of communications and promotions at Internet Shopping Network. He admits, however, that relatively few items sell for the minimum.

SURVEY THE FIELD. Before getting into the bidding process, you should have a decent idea of how much the identical or a similar product would go for in stores. Indeed, for some consumers it's worth paying extra in a store for the chance to inspect the item and possibly return it a few days later. If you choose the online-auction route, carefully read the product descriptions ahead of time, especially if you're going to buy high-tech equipment. If the product isn't brand new, it should say so. And if you're buying software, make sure you have the right to all the necessary licenses. Remember, too, that a desktop PC may not come with a monitor, modem, CD-ROM, ample memory, or even the operating system. If you run into compatibility problems with your existing PC gear, you're probably out of luck.

You must also figure out whether you want to buy from a service such as Onsale, which owns most of the merchandise it sells, or from private individuals who put up their wares on such sites as AuctionWeb's (for a small fee, plus a percentage of the sale price) or Haggle Online's (currently free). You might get a good deal from a private seller, but he or she may also be less reliable. In any case, you may want to E-mail or call the auction company or seller to clarify questions about what's included in an offer. To some degree, the Net is self-policed, so an unreliable seller may be identified by other members of the service. AuctionWeb actually rates some sellers based on users' comments.

Wherever you buy, determine in advance exactly how much you are willing to pay. Don't forget to factor in the shipping costs. Be prepared to stick to your guns. "You can pay too much real fast," says Duplissey. Just as you might poke around the card tables in Vegas before putting down your own money, it's a good idea to watch a few auctions before bidding to determine strategy.

The first time you place a bid at Onsale, you enter the amount and the quantity of the item, your billing and shipping addresses, and credit-card information (which is encrypted). You may then up the ante by an incremental preset amount. You can track how you're doing by clicking on the item's catalog page, where the highest bidders are posted. You must constantly reload the page to see if you remain on top. Customers who are outbid may also be notified by E-mail. Of course, as an auction nears its conclusion, the action can get fast and furious. So if you want something badly enough you should stay logged on. When customers make bids, they can also leave comments for their competitors, such as "I'll go up to \$1,000. Don't make me do it." But unlike an in-person auction, you can't eyeball your competitors to assess when they're likely to throw in the towel.

If there's a tie, those who bid on more than one of the same item win out. The next tiebreaker is the time the initial bid was placed, so getting in early, even with a low bid, may help put you in the winner's circle.

SIGHT UNSEEN? Some services, such as AuctionWeb, allow buyers to indicate privately the maximum amount they are willing to pay for something, so bids are made by the company on their behalf when other customers bid up the price. You would not be charged the maximum price if a lower bid could capture the prize.

While bargains on new merchandise can surely be found, many of the products Onsale and First Auction are hawking represent manufacturer's overstock or refurbished computer products and other items. Goods may be out

of season or old models. (Of course there's nothing wrong with this stuff if it fits your needs.) Most items come with warranties, and the companies will make good provided a product reaches you dead on arrival. But remember, you are agreeing to buy an object sight unseen, unless there's a photo, and all sales are final. Except in rare instances, you'll be stuck with the thing if you emerge the highest bidder. If there is a dispute with the seller, it may help to have paid with a credit card because you can sometimes cancel the charge. A credit card is the required form of payment on most services, anyway.

One other thing to keep in mind: Online auctions can be seductive. You can readily get caught up in the thrill of the chase and vie for products you don't want or need. Indeed, it's all too easy to find the funds in your bank account rapidly going, going, (gulp) gone.

Bidding for Goodies Online

-- Determine the approximate retail value of the item you're considering.

-- Carefully review all product information, specifications, and warranties.

Contact the seller by electronic mail or telephone to clear up any questions you may have.

-- Figure out the highest price you are willing to pay--and don't budge.

-- Place a low early bid. If there's a tie at the end, the

person who made the first bid wins.

-- Sign on at least 20 minutes before the close of the auction to make sure your last bids were registered.

-- If you don't win on your first try, check the next auction list. Chances are a similar product will show up and you may get it even cheaper.

[Table]

(available online)

Finding an Auction on the Web

SITE / WEB ADDRESS COMMENTS

eBAY'S AUCTIONWEB Private sellers hawk a variety of merchandise.

trig.ebay.com/aw You can do a keyword search to locate items.

FIRST AUCTION From the folks who bring you the Home Shopping

www.firstauction.com Network: Bid on PCs, cameras, and golf clubs.

HAGGLE ONLINE Offers computer products and miscellaneous

www.haggle.com items; has an online computer museum.

INTERNET AUCTION LIST Contains links to nearly 1,500 auction-company

www.usaweb.com Web sites, publications, and directories.

KLIK-KLOK ONLINE Features a "Dutch" or reverse auction wherein

DUTCH AUCTION prices decline until a buyer makes a bid. Sells

www.klik-klok.com gold and diamond jewelry.

ONSALE One of the largest online auctions for PC gear

www.onsale.com and accessories--plus Omaha Steaks.

TRAVELBIDS A reverse auction for airplane deals, cruises, and

www.travelbids.com resorts, in which travel agents bid for business.

WINEBID.COM A chance to bid on mature premium vintages,

www.winebid.com from Opus One to Chateau Mouton Rothschild.

DATA: BUSINESS WEEK

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TIME

Online flea markets

Jeffrey Ressler. *Time*. New York: Oct 5, 1998. Vol. 152, Iss. 14; pg. 48, 1 pgs

Subjects: Electronic commerce, Auctions, Collectibles, Going public, Stock offerings

People: Omidyar, Pierre M

Companies: eBay Inc

Author(s): Jeffrey Ressler

Article types: Feature

Publication title: *Time*. New York: Oct 5, 1998. Vol. 152, Iss. 14; pg. 48, 1 pgs

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Abstract (Article Summary)

A California auction website called eBay is wowing Wall Street by wiring together a million obsessive collectors. eBay's initial public offering of stock last week more than doubled the value of its shares and left founder Pierre Omidyar with a stake worth more than \$600 million.

Full Text (570 words)

Copyright Time Incorporated Oct 5, 1998

[Headnote]

A California website called eBay wows Wall Street by wiring together a million obsessive collectors

FOR AS LONG AS SHE CAN REMEMBER Candace Scott, 35, has suffered from a consuming addiction. Every spare cent goes to feed her habit, and her husband is hooked just as hard. O.K., so collecting items related to Ulysses S. Grant the Civil War general turned President, is not as harmful as, say, crack cocaine. But it is now an obsession turbocharged by technology.

Scott does almost all her collecting these days on an auction site called eBay. A sort of digital swap meet, the service allows users to sell and bid for antiques and junk of all kinds—old milk bottles, vintage postcards—even U.S. Grant memorabilia. "I've tripled my collection in two years," says Scott, who has amassed nearly 8,000 items, including a \$4,500 signed letter and a \$20 embossed pillowcase.

The auctionholic spends "at least" eight hours daily on eBay, and was reprimanded at the high school where she teaches history, in Victorville, Calif., for hogging too much computer time at work. Now, she often wakes in the night to post bids on what she calls "those elusive items you've been searching your whole life for."

More and more collectors are following Scott online. EBay is by far the largest trading post, with a million registered users bidding on 700,000 items in more than 1,000 categories. But Auction Universe, owned by Times Mirror, ties into the publishing company's vast archive of newspaper want ads. And portal giants Yahoo, Excite and Lycos are entering the arena.

Interest will probably surge following eBay's initial public offering of stock last week. The shares, priced at \$18, more than doubled in value by week's end, leaving the firm's founder, Pierre Omidyar, 31, with a stake worth more than \$600 million. Inspired by a girlfriend who wanted to trade Pez candy dispensers on the Net, Omidyar launched eBay in 1995 and-a rarity among online companies-almost immediately made money. He charged 25 to \$2 for each listing and a commission of 1.25% to 5% on each sale.

Omidyar has packed his board with branding-savvy executives from Hasbro, Intuit and Starbucks. But everyone finds working on the auction sites, well, different. Auction Universe chief executive officer Larry Schwartz recalls how someone tried to sell a live kidney for \$250,000 before the company yanked the organ offline. Suburban mom Kathy Barnett of Hoffman Estates, Ill., says she buys "garage-sale doodads" and quickly resells them on eBay: "I paid 10 for a 1930s cookbook and auctioned it for \$10." Ray Geeck of Lake Panasoffkee, Fla., began casually hawking dolls from his home and claims to have grossed \$1 million so far this year. Judy Williams of Atlanta, Texas, says she worked her way off welfare by reselling linens, quilts, pottery and tobacco tins on e Bay.

EBay encourages users to post feedback about their deals; those attracting too many complaints of unscrupulous trading are barred. Some of eBay's competitors have escrow-type accounts and customized delivery services. Auction Universe has just begun offering an optional "Bid\$afe" policy with money-back guarantees and insurance coverage of as much as \$3,000. Of course, every auction involves risk of some sort. Just ask the crestfallen bidders who lost out on that Ulysses S. Grant pillowcase. Or the collector still looking for a matching kidney.

[Photograph]

Pierre Omidyar's website enables Candace Scott to indulge her passion for U.S. Grant memorabilia

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Competitive shopping

Julie Pitta. *Forbes*. New York: Feb 9, 1998. Vol. 161, Iss. 3; pg. 92, 2 pgs

Subjects: Electronic commerce, Auctions, World Wide Web, Shopping, Retailing, Trends, Auctions, Internet, Electronic commerce

Classification Codes 9190, 5250, 8390

Locations: US

Author(s): Julie Pitta

Article types: Feature

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Abstract (Article Summary)

Online auctions make blue-light specials at K-mart look downright civilized. Online auctioning is hot. It is not just shopping, it is competitive shopping, and Web users are a competitive bunch. The Internet Shopping Network, a wholly owned subsidiary of the Home Shopping Network, is auctioning \$1.5 million worth of merchandise a month and expects that figure to double within a year. However, for all the promise of e-commerce, few consumers have rushed to the Net for shopping. Most of the \$12 billion in Internet sales in 1997 were by businesses buying from each other. The Internet may change the economics of haggling. The Internet drops the cost per transaction, so it becomes practical to auction an item for dollars rather than thousands of dollars and still make money.

Full Text (905 words)

Copyright *Forbes* Feb 9, 1998

[Headnote]

Cyberauctions are turning the Web into a vast Oriental bazaar, complete with haggling and excitedly competitive bidding.

"NOT SO FAST, TR, you overweight lardo." That not very polite message appeared recently on OnSale, an Internet Web site that auctions everything from computer gear to Omaha steaks. Why the flame mail? TR had outbid Madog in a pitched battle over an exercise contraption, one of many being auctioned off that week, and the loser was letting off steam.

On-line auctions make blue-light specials at Kmart look downright civilized. Sotheby's it ain't. Civility takes a back seat to acquisitiveness as Net-surfers wrangle over everything from personal computers to livestock, using a mouse for a paddle.

"People are bidding on nose-hair trimmers," says a bewildered Kirk Loevner, president and chief executive of Internet Shopping Network. "It's just bizarre."

On-line auctioning is hot. There are flea-market auctions of individual items, and auction-style mass marketing of baubles like Ginzu knives and exercise machines. This isn't just shopping. It's competitive shopping, and Web users are a competitive bunch.

Loevner's Internet Shopping Network is a wholly owned subsidiary of the Home Shopping Network, run by former

movie mogul Barry Diller, who is also the network's majority shareholder. It falls into the Ginzu knives category. The operation recently ran a half-hour auction that persuaded 100 on-line buyers to part with between \$20 and \$28 apiece for knife sets. That pales in comparison with the thousands of gizmos that the Home Shopping Network can sell in a half-hour of televised excitement, but it's not bad for electronic commerce.

"I don't know that anyone can predict how this is going to evolve," Diller says. "But I wouldn't have said that we could go from a standing start six months ago to where we are now." Internet Shopping Network is auctioning \$1.5 million worth of merchandise a month, a figure that Diller expects to double within a year.

For all the promise of E-commerce, few consumers have rushed to the Net to do their shopping. Most of the \$12 billion in Internet sales rung up last year were by businesses buying from each other. Earlier Net retailing schemes, like on-line catalogs and malls, made the mistake of replicating in cyberspace a physical-world experience, with poor results. Electronic catalogs offered no more convenience than their print counterparts. Internet malls, while more convenient than suburban shopping centers, lacked their variety.

But unlike these nascent formats, on-line auctions are entertaining. They get the juices flowing. They breed excitement from competition.

Check out Ebay, the San Jose, Calif. auction site that is the on-line equivalent of the neighborhood flea market, selling everything from vintage jewelry and pottery to antiques of questionable value. Recently Ebay auctioned off a carved wooden cane, purportedly of Civil War vintage, for \$38.50. For its middleman role Ebay collects a fee of up to \$2 plus 5% of the final price. The rest of the money goes to the owners of the goods. Ebay does several hundred transactions a day.

In a way, this cyberage retailing is a harking back to the haggling that used to characterize all sales in local dry-goods stores and farmers' markets. Fixed retail prices date only to 1872, when Aaron Montgomery Ward got into the mailorder business.

Nowadays, a national retail chain doesn't haggle, because the process is too labor-intensive. But the Internet may change the economics of haggling. The Internet drops the cost per transaction, so it becomes practical to auction an item for dollars rather than thousands of dollars and still make money. A mass merchandiser like Internet Shopping Network, for example, can program its computers to accept the 3,000 best bids higher than \$2.10 for 3,000 pieces of costume jewelry.

There are other attractions to Internet auction shopping. The Net's global reach can make the variety of merchandise appear seemingly limitless (see table). Collect stamps? Philatelists Online has a collection that would take years of prowling stamp shops to find. Looking for a used computer? OnSale auctions off refurbished computer gear usually sold by liquidators to businesses, but rarely available to consumers.

Here's how cyberauctions work at outfits like Ebay. After filling out a brief form you become a registered member of the auction. Click onto an intriguing listing to view a description and, in most cases, a scanned photograph of the item. Also listed will be the highest previous bid; some auctions will also list a bidding history, which includes the number of bids, the amounts and the cybernames of the bidders.

Compared with walking into a Montgomery Ward store, it's something of a Wild West out there. What's to protect the seller from a bad check-or a buyer from a crook? While Internet Shopping Network acts like a store, taking title to the merchandise it auctions, outfits like Eba don't. At an Ebay-style auction you mail off a check to the individual who is selling-and pray that you don't get stiffed. In most cases, buyers pay the freight, too.

But the medium is evolving some means of keeping players honest. At Ebay, clicking onto a seller's or bidder's name links you to comments from others regarding previous business dealings with the buyer or seller in question. Ebay posts a star next to sellers with a particularly good reputation. Those who amass too many complaints are banned.

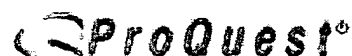
It's still a bit like an Oriental bazaar-but that, after all, is the oldest form of marketing.

Bid 'em up

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New way of selling old stuff

Jamison, Michael. Missoulain. Missoula, Mont.: Dec 27, 1997. pg. A1

Subjects: Retailing industry, Antiques, Electronic commerce, Internet

Locations: Kalispell, MT, US, Mountain

People: Sauer, Tom, Sauer, Karen

Companies: Moms Place-Kalispell MT (Sic:5932)

Author(s): Jamison, Michael

Publication title: Missoulain. Missoula, Mont.: Dec 27, 1997. pg. A1

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Abstract (Article Summary)

Never mind the closed sign in the window. This Kalispell antique and secondhand store is open 'round the clock, catering each week to 30 million customers who never step foot in the shop.

Full Text (851 words)

Copyright The Missoulain Dec 27, 1997

KALISPELL -- Never mind the closed sign in the window. This Kalispell antique and secondhand store is open 'round the clock, catering each week to 30 million customers who never step foot in the shop.

Mom's Place has been transformed from a neighborhood mom and pop shop into a cyberspace shopping mall, with an Internet auction service launching the store into enormous global markets.

"In this business, volume is everything, and with 30 million serious buyers walking in your front door every week, well, business has ballooned like you can't believe," said Tom Sauer, who with his wife, Karen, owns and operates Mom's Place.

The Sauers' Internet adventure began early in 1997, when their daughter Ronni found an electronic auction service while surfing the Net.

"When I saw it, all I could say was 'Wow,'" Tom Sauer said. "We started bidding on all sorts of things. It was just tremendous. This Internet service is where old meets new -- yesterday's antiques for sale via tomorrow's computers."

After buying several items through the auction service, the Sauers decided to make their information highway a two-way street. They bought a digital camera and started snapping images of collectibles that, until then, had been collecting dust on the shelves. Nine months later, with nearly a thousand Internet sales behind them, they no longer remember the first item that sold.

"It's been a whirlwind," Karen Sauer said. "We ship a dozen packages a day. We've shipped to Japan, England, Australia, the Netherlands, Slovenia, Greece and all but 18 states -- and that's just since November when I started keeping track."

And the Sauers aren't the only ones keeping track. Each day, more and more locals are bringing items into the store, where, for a nominal fee, the Sauers will enter the goods into the electronic auction.

"We have little old ladies making money hand over fist from items just laying around the house," Tom Sauer said. "Those are the people who make this such a success. Everything's selling."

And the items aren't just selling -- they're selling like cyberhotcakes.

One gentleman recently brought in an antique railroad padlock from the Great Northern Railroad days. He thought he might sell it for a hundred dollars or so, but when placed on the Net the lock fetched \$700. Fishing lures priced in Mom's Place for \$45 sold in cyberspace for \$150. A Leica camera with five lenses -- which likely would not have sold at all in the store -- received a high bid of \$4,500.

"Everything goes, and everything goes for a lot more on the Internet," Tom Sauer said. "These are serious collectors, and they know what they're looking at. They'll set your price for you, and it will always be more than you could get here in Kalispell."

Finding markets outside of relatively rural Montana is crucial to many small businesses, and the Web offers an instant storefront that costs almost nothing to maintain. The makers of Grizzly Ski Sled, another small Kalispell enterprise, do not even have a traditional store. The business' front door is located at www.skisled.com, with advertising, marketing, sales and distribution contacts all handled over the Net.

"We don't even own a computer," said company vice president Anna Louise Walker. "The folks at Digisys (an Internet service provider) take care of everything."

The Grizzly Ski Sled company has been online with several Web pages since March, and gets between 200 and 300 electronic inquiries per month from customers as far away as Austria, Norway and Finland.

"It's just been amazing for us," Walker said. "The Internet allows us to do business with people we could otherwise never reach."

Which is exactly why Tom and Karen Sauer put up their own homepage in addition to working with the auction service. The Sauers are selling Montana-made log furniture through the site, and are calling the cyberstore a "booming business."

"I do as much business in a week (on the Internet) as I do in a month in the store," Tom Sauer said.

Sauer calls the 6,000 or so people who visit his site each month "real buyers."

"I mean, 6,000 people don't look up log furniture on the Net just because they're bored. They're looking to buy log furniture."

The Sauers hope the home page and the auction service will help smooth out the shoulder seasons in what is, for local retailers, a seasonal, tourist-driven economy.

"We're bringing the tourist items to the tourists, instead of bringing the tourists to the items," Karen Sauer said. "It will help get us through the hard months; the tough times in January and February. I guess you could call this how we survive the winter."

The Sauers expect to survive well this year, especially if their latest big-ticket item sells as well as hoped. The couple is putting a 1925 Buick Roadmaster on the electronic auction block, the most expensive item they've tried to sell so far.

Bidding on the mint condition car starts at \$21,500.

"I'm so excited," Tom Sauer said. "Every month is something new. Who knows where this can take us?"

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